

BANK INDONESIA REGULATION
NUMBER 20/6/PBI/2018

ON
ELECTRONIC MONEY

BY THE BLESSINGS OF ALMIGHTY GOD

GOVERNOR OF BANK INDONESIA,

- Considering:
- a. that public demand to use electronic money in Indonesia keeps growing in line with the increasing of non-cash facilities availability for transactions through utilization of information technology innovations so that business models of implementation of electronic money also develop;
 - b. that the implementation of electronic money as one of non-cash payment instrument in the Republic of Indonesia must be conducted in rupiah, give benefits for the economy of Indonesia, and served by prioritizing the prudential principle, risk management, and sound business competition;
 - c. that to ensure safe, efficient, smooth, and reliable implementation of electronic money, more structured, integrated, and comprehensive regulation and supervision mechanism are required through strengthening of institutional aspect, security standard, domestic processing, and consumer protection for electronic money, including prudence in floating fund management;
 - d. that based on the foregoing considerations as referred to in point a until point c, it is necessary to issue Bank Indonesia Regulation on Electronic Money;

- Observing :
1. Law Number 23 of 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) as amended several times and last by Law Number 6 of 2009 on Establishment of Government Regulation in Lieu of Law Number 2 of 2008 on the Second Amendment to Law Number 23 of 1999 on Bank Indonesia as a Law (State Gazette of the Republic of Indonesia of 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);
 2. Law Number 11 of 2008 on Electronic Information and Transactions (State Gazette of the Republic of Indonesia of 2008 Number 58, Supplement to State Gazette of the Republic of Indonesia Number 4843) as amended by Law Number 19 of 2016 on Amendment to Establishment of Government Regulation in Lieu of Law Number 19 of 2016 on the Amendment to Law Number 11 of 2008 on Electronic Information and Transactions (State Gazette of the Republic of Indonesia of 2016 Number 251, Supplement to State Gazette of the Republic of Indonesia Number 5952);
 3. Law Number 3 of 2011 on Fund Transfers (State Gazette of the Republic of Indonesia of 2011 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 5204);
 4. Law Number 7 of 2011 on Currencies (State Gazette of the Republic of Indonesia of 2011 Number 64, Supplement to State Gazette of the Republic of Indonesia Number 5223);

HAS DECIDED:

To enact : BANK INDONESIA REGULATION ON ELECTRONIC MONEY

CHAPTER I

GENERAL PROVISIONS

Article 1

In this Bank Indonesia Regulation:

1. Bank means commercial bank as specified in the Law on banking, including a branch office of a bank domiciled overseas and sharia commercial bank as specified in the Law on sharia banking.

2. Non-Bank Institution means non-bank institution established under the law of Indonesia.
3. Electronic Money means a payment instrument which meets the following requirements:
 - a. issued based on the value of money paid-up in advance to an issuer;
 - b. the value of money is stored electronically in a server or chip;
 - c. the value of electronic money managed by an issuer does not constitute as savings that specified in the Law on banking.
4. Value of Electronic Money means the value of money stored electronically in a server or chip which may be transferred for payment transactions and/or fund transfers.
5. Issuer means a party issuing Electronic Money.
6. Acquirer means a party, which:
 - a. cooperates with a goods and/or service provider in order for the provider to be able to process transactions of Electronic Money issued by a party other than acquirer its self; and
 - b. is responsible for payment settlement to a goods and/or service provider.
7. Principal means a party responsible for:
 - a. data forwarding on Electronic Money transactions through a network system;
 - b. calculation of rights and obligations;
 - c. payment settlement; and
 - d. determination of business mechanism and procedure, among members playing roles as an Issuer and/or Acquirer in Electronic Money transactions.
8. Switching Provider means a party providing the operation of infrastructures facility functioning as the center and/or intermediary of data forwarding on payment transactions by using Electronic Money.
9. Clearing Provider means a party calculating the financial rights and obligations of each Issuer and/or Acquirer after implementation of Electronic Money transactions.
10. Final Settlement Provider means a party which conducts and is responsible for final settlements of financial rights

and obligations of each Issuer and/or Acquirer based on the calculation result from the Clearing Provider.

11. Electronic Money Provider, hereinafter referred to as Provider, means Issuer, Acquirer, Principal, Switching Provider, Clearing Provider, and Final Settlement Provider in Electronic Money activities.
12. Payment System Service Provider means payment system service provider as specified in the provisions of Bank Indonesia regarding the implementation of payment transaction processing.
13. Supporting Provider means supporting provider as specified in the provisions of Bank Indonesia on the implementation of payment transaction processing.
14. User means a party using Electronic Money.
15. Goods and/or Service Provider means a party selling goods and/or service which receives payments from User.
16. Top Up means the Value of Electronic Money added to Electronic Money.
17. Floating Fund means the entire Value of Electronic Money available at an Issuer based on the proceeds of Electronic Money issuance and/or Top Up as an Issuer's obligation to a User and Goods and/or Service Provider.
18. Layanan Keuangan Digital, hereinafter referred to as LKD, means payment and financial system services provided by an Issuer in cooperation with a third party and using mobile or web-based technology facilities and devices for financial inclusion.
19. LKD Provider means an Issuer which has obtained the approval of Bank Indonesia to provide LKD.
20. LKD Agent means a third party cooperating with an Issuer and acting for and on behalf of the Issuer in providing LKD.

CHAPTER II
PRINCIPLES AND SCOPE OF
IMPLEMENTATION OF ELECTRONIC
MONEY

Article 2

Implementation of Electronic Money is conducted by meeting the following principles:

- a. any systemic risk does not occur;
- b. operation is based on sound financial condition;
- c. strengthens consumer protection;
- d. it serves as a beneficial business for the economy of Indonesia; and
- e. it serves to prevent money laundering and terrorism financing.

Article 3

- (1) Based on the scope of implementation, Electronic Money is classified as follows:
 - a. closed loop, meaning Electronic Money which may only be used as a payment instrument to a Goods and/or Service Provider which is also the Issuer of the Electronic Money; and
 - b. open loop, meaning Electronic Money which may be used as a payment instrument to a Goods and/or Service Provider which is not the Issuer of the Electronic Money.
- (2) The Electronic Money as referred to in paragraph (1) may be classified by the following:
 - a. storage medium over the Value of the Electronic Money can be in the form of:
 - 1. server-based, meaning Electronic Money stored in a server; and
 - 2. chip-based, meaning Electronic Money stored in a chip; and
 - b. recording of a User's identity data as follows:
 - 1. unregistered, meaning Electronic Money whose User's identity data is unregistered and unrecorded with the Issuer; and

2. registered, meaning Electronic Money whose User's identity data is registered and recorded with the Issuer.

CHAPTER III

LICENSE AND APPROVAL FOR IMPLEMENTATION OF ELECTRONIC MONEY

Section One

Obligation and Classification of License

Article 4

- (1) Any party acting as a Provider is required to obtain a license from Bank Indonesia.
- (2) The obligation as referred to in paragraph (1) is exempted for any party acting as a Provider in the form of closed loop Issuer with a Floating Fund of less than Rp1,000,000,000.00 (one billion rupiah).
- (3) The party that submits a license application to become a Provider must meet the following:
 - a. general requirements; and
 - b. feasibility aspect requirements.

Article 5

- (1) The license application as a Provider is submitted based on classification of Payment System Service Providers.
- (2) The classification of Payment System Service Providers as referred to in paragraph (1) are as follows:
 - a. front end provider group, consisting of license as an issuer, acquirer, payment gateway provider, electronic wallet provider, and fund transfer provider; and

- b. back end provider group, consisting of license as a principal, switching provider, clearing provider, and final settlement provider.
- (3) Each party may only become a Provider in 1 (one) group of Payment System Service Provider as referred to in paragraph (2).

Section Two General Requirement

Article 6

- (1) The party which submits a license application as a Provider must be:
 - a. a Bank; or
 - b. a Non-Bank Institution.
- (2) Non-Bank Institution as referred to in paragraph (1) point b must be in the form of limited liability company.

Article 7

Majority members of the board of directors of a Non-Bank Institution as referred to in Article 6 paragraph (1) point b must domicile in the Republic of Indonesia.

Section 1 Issuer

Article 8

Non-Bank Institution which submits a license application as an Issuer must meet the minimum paid-up capital requirement and share ownership composition.

Article 9

- (1) The paid-up capital as referred to in Article 8 shall be at the lowest of Rp3,000,000,000.00 (three billion rupiah).

- (2) Non-Bank Institution which has obtained a license as an Issuer is required to maintain the minimum paid-up capital requirement amount as referred to in paragraph (1) and align the paid-up capital fulfillment based on the amount of Floating Fund in accordance with the provision as referred to in Article 50.

Article 10

- (1) Share ownership composition as referred to in Article 8 shall be at the lowest of 51% (fifty-one percent) of the shares is owned by:
 - a. an Indonesian citizen; and/or
 - b. an Indonesian legal entity.
- (2) In the event of any foreign ownership portion in a Non-Bank Institution, the calculation of the foreign ownership portion shall includes direct ownership and indirect ownership based on the assessment of Bank Indonesia.
- (3) With due regard to the provision as referred to in paragraph (1), Bank Indonesia has the authority to determine the percentage of foreign share ownership in a Non-Bank Institution based on certain considerations.
- (4) Share ownership composition in a Non-Bank Institution which is a public company, is calculated only on share ownership with percentage of 5% (five percent) or more.
- (5) Non-Bank Institution which has obtained a license as an Issuer is required to maintain the fulfillment of share ownership composition as referred to in paragraph (1).

Section 2

Acquirer, Principal, Switching Provider, Clearing Provider,
and/or Final Settlement Provider

Article 11

- (1) Any party which submits a license application as a Principal, Switching Provider, Clearing Provider, and/or Final Settlement Provider must meet the share ownership percentage requirement specified in Bank Indonesia provisions on implementation of payment transaction processing.
- (2) Submission of license application as an Acquirer, Principal, Switching Provider, Clearing Provider, and/or Final Settlement Provider must observe Bank Indonesia provisions on national payment gateway.

Article 12

Further provisions on general requirements to obtain a license as a Provider shall be regulated in a Regulation of Member of Board of Governors.

Part Three

Feasibility Aspect Requirements

Article 13

- (1) Feasibility aspect requirements as referred to in Article 4 paragraph (3) point b includes the following aspects:
 - a. institutional and legal;
 - b. business feasibility and operational readiness; and
 - c. governance, risk, and control.
- (2) The institutional and legal aspect as referred to in paragraph (1) point a shall at least be in the following forms:
 - a. legality and profile of a company; and
 - b. legal requirement readiness for implementation of Electronic Money.

- (3) The business feasibility and operational readiness aspect as referred to in paragraph (1) point b shall at least be in the following forms:
 - a. business feasibility analysis;
 - b. readiness of operation, system, and information technology to be used;
 - c. financial performance; and
 - d. readiness of organizational structure and human resources.
- (4) The governance, risk, and control aspect as referred to in paragraph (1) point c shall at least be in the following forms:
 - a. for the Issuer:
 - 1. policy and procedure for implementation of risk management;
 - 2. policy and procedure for the implementation of anti-money laundering and countering the financing of terrorism;
 - 3. policy and procedure for implementation of consumer protection; and
 - 4. policy and procedure for implementation of information system security; and
 - b. for the Acquirer, Principal, Switching Provider, Clearing Provider, and Final Settlement Provider:
 - 1. policy and procedure for risk management implementation; and
 - 2. policy and procedure for implementation of information system security.

Article 14

- (1) In addition to the feasibility aspect requirements as referred to in Article 13, a Bank or Non-Bank Institution intending to submit a license application as a Provider must submit written representations and warranties to Bank Indonesia.

- (2) The representations and warranties as referred to in paragraph (1) shall at least contain the following:
- a. Bank or Non-Bank Institution has been properly and legally established based on the law of the Republic of Indonesia;
 - b. Bank or Non-Bank Institution is not in default condition, is not subject to any sanction by the relevant authorities, and/or is not involved in any criminal trial or civil trial, which may materially affect its business continuity;
 - c. it is not subject to any petition of bankruptcy or suspension of payment obligation of Bank or Non-Bank Institution in competent commercial court in Indonesia.
 - d. Bank or Non-Bank Institution warrants to:
 1. comply with the laws and regulations, both for activities conducted by itself or jointly with other affiliated parties;
 2. maintain sound financial condition which is indicated by sound liquidity, profitability, and solvability condition;
 3. conduct Electronic Money activities in a business model which provide benefit for the economy of Indonesia;
 4. not remove its head office in Indonesia to any other country and ensure the head office has full authority to make decisions on implementation of Electronic Money activities in Indonesia; and
 5. ensure the maintenance of the fulfillment of the contents of representations and warranties throughout the implementation of Electronic Money.

- (3) The representations and warranties as referred to in paragraph (1) shall be submitted and signed by the director whom authorized to represent a Bank or Non-Bank Institution and must be accompanied by a statement from an independent and professional legal consultant based on legal due diligence.

Article 15

Further provisions on feasibility aspect requirements to obtain a license as a Provider shall be regulated in a Regulation of Member of Board of Governors.

Part Four

Approvals

Article 16

The Provider which has obtained a license and will conduct:

- a. development of products and/or activities of Electronic Money; and/or
- b. cooperation with another parties,

is required to obtain an approval from Bank Indonesia.

Article 17

- (1) The approval for development of products and/or activities of Electronic Money as referred to in Article 16 point a includes development of features, types, services, and/or facilities of the used Electronic Money.
- (2) The approval for cooperation as referred to in Article 16 point b includes:
 - a. cooperation with another Provider and/or Payment System Service Provider;

- b. cooperation with a Supporting Provider; and/or
 - c. cooperation with any other parties.
- (3) The cooperation as referred to in paragraph (2) point a and point c may only be conducted with a Provider and/or Payment System Service Provider which has obtained a license.

Article 18

- (1) Issuance of the approval granted to the Provider for development of products and/or activities of Electronic Money as referred to in Article 17 paragraph (1) shall consider the fulfillment of requirements includes the following aspects:
- a. operational readiness;
 - b. system security and reliability;
 - c. implementation of risk management; and
 - d. consumer protection.
- (2) In addition to the aspect fulfillment as referred to in paragraph (1), Bank Indonesia also considers the result of supervision of a Provider's performance.

Article 19

- (1) Issuance of the approval granted to a Provider for cooperation as referred to in Article 17 paragraph (2) considers the fulfillment of requirements includes the following aspects:
- a. legality and profile of a party whom the Provider shall cooperate with;
 - b. competence of a party to whom the Provider shall cooperate with;
 - c. performance of a party to whom the Provider shall cooperate with;
 - d. security and reliability of system and infrastructures; and
 - e. legal.
- (2) In addition to the aspect fulfillment as referred to in paragraph (1), Bank Indonesia also considers the result of supervision of the Provider's performance.

Article 20

Further provisions on approval for implementation of Electronic Money shall be regulated in a Regulation of Member of Board of Governors.

Part Five

Mechanism of Submission and Processing of License and Approval Application

Section 1

Mechanism of Submission of License and Approval Application

Article 21

- (1) Bank or Non-Bank Institution which submits an application for:
 - a. license as a Provider as referred to in Article 4 paragraph (1); or
 - b. approval for development of products and activities of Electronic Money and cooperation as referred to in Article 16,must submit a written application in Indonesian language to Bank Indonesia.
- (2) The application as referred to in paragraph (1) shall be accompanied by supporting documents for the aspect fulfillment as referred to in Article 13, Article 18, and Article 19.
- (3) In addition to supporting documents as referred to in paragraph (2), the license application as referred to in paragraph (1) point a shall also be accompanied by representations and warranties as referred to in Article 14.

Section 2
Mechanism of Processing of License
and Approval Application

Article 22

- (1) The processing of license application as referred to in Article 21 paragraph (1) point a is conducted by Bank Indonesia through:
 - a. administrative review;
 - b. business feasibility analysis; and
 - c. on site visit to a Bank or Non-Bank Institution.
- (2) The processing of approval application as referred to in Article 21 paragraph (1) point b is conducted by Bank Indonesia through:
 - a. administrative review;
 - b. analysis of the provider's performance; and
 - c. on site visit to the provider, if required.
- (3) Based on the processing result as referred to in paragraph (1) or paragraph (2), Bank Indonesia will determine to:
 - a. approve; or
 - b. decline,the submitted license or approval application.

Article 23

- (1) A license as a Provider issued by Bank Indonesia is valid for 5 (five) years.
- (2) The validity of the license as referred to in paragraph (1) may be extended based on the Provider's application.
- (3) The application of license extension as referred to in paragraph (2) shall be submitted in writing by the Provider to Bank Indonesia not later than 6 (six) months prior to the license expiration.

- (4) Based on the written application as referred to in paragraph (3), Bank Indonesia may:
 - a. approve; or
 - b. decline,the submitted application of license extension.
- (5) In the event that the Provider does not submit the application of license extension as referred to in paragraph (3), the granted license shall be declared ineffective since the expiry date of the license as referred to in paragraph (1).
- (6) The Provider whose the license expires as referred to in paragraph (4) point b or paragraph (5) is required to fulfill its obligations to the User and Goods and/or Service Provider.

Article 24

- (1) Bank Indonesia may ease the Provider in the processing of approval application as referred to in Article 22 paragraph (2) for the use and expansion of Electronic Money in a program related to the national policy.
- (2) The easiness as referred to in paragraph (1) conducted by Bank Indonesia with taking into consideration the risk factor of implementation of Electronic Money.

Article 25

Further provisions on the mechanism of submission and processing of license and approval application shall be regulated in a Regulation of Member of Board of Governors.

Part Six

Accuracy of Document, Data, and/or Information

Article 26

- (1) Bank or Non-Bank Institution is required to guarantee the validity and accuracy of each document, data, and/or information submitted to Bank Indonesia in the license or approval process.
- (2) In the event that after a license or approval is granted, a Bank or Non-Bank Institution does not conduct its activities within the period determined by Bank Indonesia or it is found that any submitted document, data, and/or information are invalid and/or inaccurate, Bank Indonesia have the authority to revoke the granted license or approval.

Part Seven

Fit and Proper Test

Article 27

- (1) In the process of license application as referred to in Article 22 paragraph (1), Bank Indonesia has the authority to conduct fit and proper test for:
 - a. controlling shareholders;
 - b. members of board of directors; and
 - c. members of board of commissioners,of a Non-Bank Institution submitting a license application as a Provider.
- (2) The controlling shareholders as referred to in paragraph (1) point a mean parties with:
 - a. shares of 25% (twenty five percent) or more of the total shares issued by the Provider and have voting rights;
 - b. shares of less than 25% (twenty five percent) of the total shares issued by the Provider

and have voting rights but it can be proven that the share owner has controlled the Provider, directly or indirectly.

Article 28

- (1) The fit and proper test as referred to in Article 27 for controlling shareholders aims to ensure the fulfillment of the following requirements:
 - a. integrity;
 - b. financial reputation; and
 - c. financial feasibility.
- (2) The fit and proper test as referred to in Article 27 for members of board of directors and/or members of board of commissioners aims to ensure the fulfillment of the following requirements:
 - a. integrity;
 - b. financial reputation; and
 - c. competence.
- (3) Mechanism of the fit and proper test as referred to in Article 27 is conducted through an administrative assessment.

Article 29

The fit and proper test may also be conducted by Bank Indonesia in the event of:

- a. a plan to change controlling shareholders, members of board of directors, and/or members of board of commissioners of a Provider; or
- b. supervision result indicating any breach and/or fraud with significant impacts on implementation of Electronic Money done by controlling shareholders, members of board of directors, and/or members of board of commissioners of a Provider.

Article 30

Further provisions on fit and proper test shall be regulated in a Regulation of Member of Board of Governors.

Part Eight

Controlling Shareholders of a Provider

Article 31

- (1) Any party is prohibited from:
 - a. being a controlling shareholder as referred to in Article 27 paragraph (2) in more than 1 (one) Non-Bank Institution, which respectively has the same license as a Payment System Service Provider; and/or
 - b. being a controlling shareholder as referred to in Article 27 paragraph (2) in more than 1 (one) Non-Bank Institution in a different group of Payment System Service Provider as referred to in Article 5 paragraph (2).
- (2) The party as referred to in paragraph (1) includes individual and non-Bank legal entity.
- (3) The provision as referred to in paragraph (1) and paragraph (2) shall not apply for a party which becomes a controlling shareholder in more than 1 (one) Provider conducting activities in a different principle.

Part Nine

License Evaluation

Article 32

- (1) Bank Indonesia has the authority to evaluate any license granted to the Provider.
- (2) The evaluation as referred to in paragraph (1) is conducted based on:
 - a. the supervision result of Bank Indonesia;

- b. any corporate action conducted by the Provider;
and/or
 - c. the application of license extension.
- (3) The evaluation result as referred to in paragraph (2) may serve as the basis for Bank Indonesia to:
- a. shorten the license validity or revoke the license; or
 - b. grant license extension if the evaluation is made based on the application of license extension as referred to in paragraph (2) point c.

Part Ten

Policy on Licensing, Approval, and Implementation

Article 33

- (1) Bank Indonesia has the authority to determine the policy on licensing, approval, and/or implementation of Electronic Money.
- (2) The policy determination as referred to in paragraph (1) is based on the following considerations:
- a. to maintain national efficiency;
 - b. to support national policy;
 - c. to maintain public interest;
 - d. to maintain industrial growth; and/or
 - e. to maintain fair business competition.

CHAPTER IV
IMPLEMENTATION OF ELECTRONIC
MONEY

Part One General

Article 34

- (1) In implementation of Electronic Money, the Provider is required to:
 - a. implement risk management effectively and consistently;
 - b. implement information system security standard;
 - c. perform the obligation to process Electronic Money transactions domestically; and
 - d. conduct interconnection and interoperability.
- (2) In addition to perform the obligation as referred to in paragraph (1), the Provider in the form of Issuer is required to:
 - a. implement the principles of anti-money laundering and countering the financing of terrorism; and
 - b. implement the principle of consumer protection.

Part Two

Implementation of Risk Management

Article 35

- (1) Implementation of risk management effectively and consistently as referred to in Article 34 paragraph (1) point a includes:
 - a. management's active supervision;
 - b. adequacy of policies and procedures as well as organizational structure;
 - c. adequacy of risk management and human resource functions; and
 - d. internal control.

- (2) Further provisions on implementation of risk management shall be regulated in a Regulation of Member of Board of Governors.

Part Three
Information System Security Standard

Article 36

- (1) Implementation of information system security standard as referred to in Article 34 paragraph (1) point b shall at least take the following forms:
 - a. the fulfillment of certification and/or standard in system security and reliability that generally applicable or determined by Bank Indonesia or the relevant authority/institution;
 - b. maintenance and improvement of technology security;
 - c. self-assessment of the information system in use at least once in a year; and
 - d. conducting information system audit by an independent security auditor periodically at least once in 3 (three) years or if any significant change occurs.
- (2) The scope of information system audit as referred to in paragraph (1) point d shall be at least in the following forms:
 - a. operational security;
 - b. network, application, and system security;
 - c. security and data integrity or information;
 - d. physical and environmental security, including access control to system and data;
 - e. system change management;
 - f. system implementation management; and
 - g. written procedures on technology security.
- (3) Further provisions on implementation of information system standard shall be regulated in a Regulation of Member of Board of Governors.

Article 37

- (1) In addition to implementing information system security standard as referred to in Article 34 paragraph (1) point b, the Provider in the form of Issuer is required to enhance the security standard in Electronic Money transactions for Electronic Money with the limit of Value of Electronic Money above Rp2,000,000.00 (two million rupiah).
- (2) Enhancement of the security standard in Electronic Money transactions as referred to in paragraph (1) shall be applied through at least the use of two factor authentication.

Section Four

Processing of Electronic Money Transactions in the Territory of the Republic of Indonesia

Article 38

Any Provider is required to domestically process any payment transactions using Electronic Money issued and transacted in the territory of the Republic of Indonesia.

Article 39

- (1) Electronic Money that issued outside the territory of the Republic of Indonesia may only be transacted in the Republic of Indonesia by using payment channel connected to the national payment gateway.
- (2) Any parties implementing the transactions as referred to in paragraph (1) is required to cooperate with a licensed Payment System Service Provider in the form of Bank classified as commercial banks classification based on business activities (BUKU) 4 and connected to the national payment gateway.

Article 40

The obligation to domestically process any payment transactions as referred to in Article 38 and the use of payment channel as referred to in Article 39 paragraph (1) shall be implemented under Bank Indonesia provisions on national payment gateway.

Part Five

Interconnection and Interoperability

Article 41

- (1) The Provider is required to conduct interconnection and interoperability in accordance with Bank Indonesia provisions on national payment gateway.
- (2) In performing the obligation on interconnection and interoperability as referred to in paragraph (1), Bank Indonesia has the authority to:
 - a. determine a system and infrastructure standard in implementation of Electronic Money;
 - b. regulate the pricing for implementation of Electronic Money; and
 - c. determine the mechanism of other application of interconnection and interoperability.
- (3) Any party which provide payment channel for the use of Electronic Money must:
 - a. comply with the standard determined by Bank Indonesia; and/or
 - b. be conducted through the interface of national payment gateway.

Part Six
Implementation of Principles of Anti-Money Laundering and
Countering the Financing of Terrorism

Article 42

The Issuer is required to implement the principles of anti-money laundering and countering of terrorism financing as referred to in Article 34 paragraph (2) point a pursuant to the laws and regulations on anti-money laundering and countering of terrorism financing.

Part Seven
Implementation of Principle of Consumer Protection

Article 43

- (1) The Issuer is required to implement the principle of consumer protection as referred to in Article 34 paragraph ~~(2)~~ point b pursuant to the laws and regulations on consumer protection.
- (2) In addition to the obligation as referred to in paragraph (1), the Issuer is required to:
 - a. limit the request and the use of data and/or information of the User as needed in implementation of Electronic Money;
 - b. widely provide Top Up facilities and/or infrastructures for the User's needs; and
 - c. have a mechanism to compensate financial losses for the User to the extent the losses do not result from the User's fault or negligence.
- (3) Further provisions on the implementation of consumer protection as referred to in paragraph (2) shall be regulated in a Regulation of Member of Board of Governors.

Part Eight
Fulfillment of Laws and Regulations

Article 44

In addition to compliance with this Bank Indonesia Regulation, the Provider is required to also comply with the laws and regulations on:

- a. mandatory use of rupiah for payment transactions in the Republic of Indonesia;
- b. fund transfer;
- c. trade transactions through electronic system;
- d. implementation of electronic system and transactions;
- e. fair business competition; and/or
- f. other laws and regulations.

Part Nine

Implementation of Electronic
Money

Article 45

- (1) The limit of Value of Electronic Money which may be stored in Electronic Money is determined as follows:
 - a. the highest value of unregistered Electronic Money shall be Rp2,000,000.00 (two million rupiah); and
 - b. the highest value of registered Electronic Money shall be Rp10,000,000.00 (ten million rupiah).
- (2) The limit of Electronic Money transaction within 1 (one) month shall be at the highest of Rp20,000,000.00 (twenty million rupiah).
- (3) The limit of Electronic Money transaction as referred to in paragraph (2) is calculated from incoming transactions.
- (4) The limit as referred to in paragraph (1) and paragraph (2) shall not applied for the account which records the Value of Electronic Money held by a Goods and/or Service Provider.

Article 46

- (1) Electronic Money features which may be provided by the Issuer consist of the following:
 - a. Top Up;
 - b. payment of purchases transactions; and/or
 - c. payment of bills.
- (2) In addition to the features as referred to in paragraph (1), the Issuer may provide the following features:
 - a. fund transfer and cash withdrawal, for open-loop and registered Electronic Money; and/or
 - b. other features with the approval of Bank Indonesia.

Article 47

The fund transfer feature as referred to in Article 46 paragraph (2) point a may only be provided by the Issuer after obtaining approval as a fund transfer provider as specified in the laws and regulations on fund transfer.

Article 48

- (1) The Issuer is required to record Floating Fund as current liabilities or miscellaneous liabilities account.
- (2) The Issuer is required to place Floating Fund with the following provisions:

at the lowest of 30% (thirty percent) of the Floating Fund into:

 1. cash, for the Issuer in the form of a Bank classified as commercial banks classification based on business activities (BUKU) 4; or
 2. current account (giro) in a Bank classified as commercial banks classification based on business activities (BUKU) 4, for:
 - a) the Issuer in the form of a Bank not classified as commercial banks classification based on business activities (BUKU); and
 - b) the Issuer in the form of Non-Bank Institution; and

- b. at the highest of 70% (seventy percent) of the Floating Fund into:
 - 1. securities or financial instruments issued by the Government or Bank Indonesia; or
 - 2. an account in Bank Indonesia.
- (3) Considering the provisions as referred to in paragraph (2), the placement percentage of Floating Fund is required to be adjusted to the monthly average of liquidity requirement to fulfill liabilities to the User and Goods and/or Service Providers within the last 12 (twelve) months.

Article 49

- (1) Floating Fund shall only be used to fulfill the Issuer's liabilities to the User and Goods and/or Service Provider, and shall not be used for any other purposes.
- (2) To fulfill the liabilities to the User and Goods and/or Service Provider as referred to in paragraph (1), the Issuer is required to:
 - a. have system and mechanism to record the Floating Fund;
 - b. have system and mechanism to monitor the availability of Floating Fund;
 - c. ensure the fulfillment of liabilities in a timely manner;
 - d. record Floating Fund separately from other liabilities records owned by an Issuer; and
 - e. place the Floating Fund into an account separated from the Issuer's operational account.

Article 50

- (1) The Issuer in the form of Non-Bank Institution is required to increase the paid-up capital according to the increase of Floating Fund under the following provisions:
 - a. if the average amount of Floating Fund has reached more than Rp3,000,000,000.00 (three billion rupiah) to Rp5,000,000,000.00 (five billion rupiah), the Issuer is required to increase the paid-up capital at the lowest of Rp6,000,000,000.00 (six billion rupiah);
 - b. if the average amount of Floating Fund has reached more than Rp5,000,000,000.00 (five billion rupiah) to Rp9,000,000,000.00 (nine billion rupiah), the Issuer is required to increase the paid-up capital at the lowest of Rp10,000,000,000.00 (ten billion rupiah); and
 - c. if the average amount of Floating Fund has reached more than Rp9,000,000,000.00 (nine billion rupiah), the Issuer is required to increase the paid-up capital at the lowest of Rp10,000,000,000.00 (ten billion rupiah) plus 3% (three percent) of the Floating Fund.
- (2) The average amount of Floating Fund as referred to in paragraph (1) is calculated based on the average Floating Fund data for 12 (twelve) months from January until December in the previous year.
- (3) For the Issuer that start operating after January, the average Floating Fund as referred to in paragraph (1) will be calculated for the first time based on average Floating Fund data in the previous year, from the first month of operation until December.
- (4) The increasing in paid-up capital due to the increase of Floating Fund as referred to in paragraph (1) based on the calculation result as referred to in paragraph (2) or paragraph (3) shall be fulfilled by the Issuer not later than the end of June in the current year.

Article 51

- (1) Electronic Money issued in Indonesia is required to use rupiah as its denomination.
- (2) Transactions using Electronic Money and conducted in the Republic of Indonesia is required to use rupiah.

Article 52

- (1) In the implementation of Electronic Money, the Issuer may charge the following:
 - a. cost to purchase Electronic Money medium for first-time usage or replacement of damaged or lost Electronic Money medium;
 - b. Top Up fee;
 - c. cash withdrawal fee through another party or the channel of another party (off us); and
 - d. fund transfer fee between User of Electronic Money from different Issuers.
- (2) Bank Indonesia may determine the pricing policy chargeable by the Issuer based on certain considerations.

Article 53

- (1) In conducting its activities, the Principal is required to:
 - a. determine objective and transparent procedures and requirements for all Issuer and/or Acquirer that registered as the member of the relevant Principal;
 - b. ensure the security and reliability of system and/or network used by all Issuer and/or Acquirer that registered as the member of the relevant Principal; and
 - c. make a written agreement with the Issuer and/or Acquirer that registered as the member of the relevant Principal.
- (2) The provisions as referred to in paragraph (1) point b is required to be applied also by the Principal for other party cooperating with the Issuer and/or Acquirer.

Article 54

- (1) In conducting its activities, the Issuer and/or Acquirer is required to:
 - a. administer all documents related to Goods and/or Service Provider;
 - b. provide education and guidance to Goods and/or Service Provider; and
 - c. terminate any cooperation with Goods and/or Service Provider that committing harmful actions.
- (2) The Issuer and/or Acquirer may exchange information or

data with another Issuer and/or Acquirer on Goods and/or Service Provider that committing harmful actions and may propose to include such Goods and/or Service Provider into a merchant black list.

Article 55

Further provisions on implementation of Electronic Money shall be regulated in a Regulation of Member of Board of Governors.

Part Ten

Implementation of LKD

Article 56

- (1) The Issuer which will become a LKD Provider is required to obtain the approval of Bank Indonesia.
- (2) Implementation of LKD is provided by a LKD Provider in cooperation with a LKD agent.

Article 57

The LKD agent as referred to in Article 56 paragraph (2) may take the following forms:

- a. a legal entity lawfully established in Indonesia; and/or
- b. an individual.

Article 58

- (1) Implementation of LKD through an individual LKD agent shall only be provided by an LKD Provider in the form of Bank.
- (2) The LKD Provider in the form of Bank as referred to in paragraph (1) must meet the following requirements:
 - a. an Indonesian legal entity;
 - b. in the form of:
 - 1 Bank classified as commercial banks classification based on business activities (BUKU) 3 or commercial banks classification based on business activities (BUKU) 4; or
 - 2 Regional development Bank classified as commercial banks classification based on business activities (BUKU) 1 or commercial

banks classification based on business activities (BUKU) 2 with adequate information technology system and mandated to provide social support program; and

- c. meet operational requirements determined by Bank Indonesia.
- (3) Further provisions on implementation of LKD shall be regulated in a Regulation of Member of Board of Governors.

Part Eleven

Prohibition

Article 59

Any party is prohibited from conducting activities as a Provider in Indonesia without license from Bank Indonesia.

Article 60

The Provider in the form of Non-Bank Institution is prohibited from conducting any corporate actions which will change its controlling shareholders for 5 (five) years since the license is first granted, except in certain conditions and obtain approval from Bank Indonesia.

Article 61

- (1) The Issuer is prohibited from issuing Electronic Money with the Value of Electronic Money that is higher or lower than the value of money that placed to the Issuer.
- (2) The value of money that is placed into Electronic Money must be able to be used or transacted entirely until it has zero balance.
- (3) The Issuer is prohibited from:
 - a. determining the minimum Value of Electronic Money as:
 - 1. requirements for the use of Electronic Money; and/or
 - 2. requirements to terminate the use of Electronic Money (redeem);
 - b. unilaterally retaining or blocking the Value of Electronic Money;
 - c. charging redemption fee of Electronic Money; and/or

- d. omitting, changing, or deleting the Value of Electronic Money when the validity of Electronic Money medium expires.

Article 62

The Provider is prohibited from receiving, using, connecting, and/or processing Electronic Money transactions by using virtual currency.

Article 63

- (1) The Goods and/or Service Provider is prohibited from incurring a surcharge fee to the User for payment of purchase transaction.
- (2) The Issuer and Acquirer is required to ensure compliance of Goods and/or Service Provider with the prohibition as referred to in paragraph (1).

CHAPTER V

MERGER, CONSOLIDATION, SPIN OFF, AND ACQUISITION

Article 64

- (1) The Provider is required to submit a written information on any plan for merger, consolidation, or spin off to Bank Indonesia.
- (2) In the event that a legal entity established from the result of a merger, consolidation, or spin off does not have a license as a Provider, such legal entity is required to obtain the license from Bank Indonesia prior to its activities as a Provider.

Article 65

- (1) In the event of an acquisition is to be applied to the Provider in the form of Bank, the Provider is required to submit a written information on the acquisition plan to Bank Indonesia.
- (2) In the event of an acquisition is to be applied to a Provider in the form of Non-Bank Institution, the Provider is required to submit a written application for approval to Bank Indonesia.
- (3) Information on the acquisition plan as referred to in

paragraph (1) or the application for approval as referred to in paragraph (2) shall at least contain:

- a. background of the acquisition;
 - b. the party conducting the acquisition;
 - c. targeted time to implement the acquisition;
 - d. board of management, shareholders, and share holders composition after the acquisition; and
 - e. business plan for implementation of Electronic Money after the acquisition.
- (4) Bank Indonesia has the authority to approve or decline the application for acquisition approval as referred to in paragraph (2).
- (5) Further provisions on the mechanism of submission of information on the acquisition plan and acquisition approval application as referred to in paragraph (3) shall be regulated in a Regulation of Member of Board of Governors.

CHAPTER VI

REPORT AND SUPERVISION

Section One

Report

Article 66

- (1) The Provider is required to submit reports on implementation of Electronic Money to Bank Indonesia.
- (2) The reports as referred to in paragraph (1) consist of:
 - a. periodic reports; and
 - b. incidental reports.
- (3) The periodic reports as referred to in paragraph (2) point a are the following:
 - a. daily report;
 - b. monthly report;
 - c. quarterly report;
 - d. annual report; and/or

- e. report on information system audit result from an independent auditor which is periodically conducted at least once in 3 (three) years.
- (4) The incidental reports as referred to in paragraph (2) point b consist of:
- a. report on problems in implementation of Electronic Money and any taken follow-ups;
 - b. statement of changes in capital and/or shareholders as well as the board of management of Provider;
 - c. report on force majeure in implementation of Electronic Money;
 - d. report on change of data and information on documents submitted when submitting a license application to Bank Indonesia;
 - e. report on information system audit result from an independent auditor in the event of any significant changes; and
 - f. any other report required by Bank Indonesia.
- (5) Further provisions on the mechanism of report submission shall be regulated in a Regulation of Member of Board of Governors.

Section Two Supervision

Article 67

- (1) Bank Indonesia conducting supervision to Provider includes:
- a. off-site supervision; and
 - b. on-site supervision
- (2) In implementation of the off-site supervision as referred to in paragraph (1) point a, the Provider is required to submit the following:
- a. reports according to the mechanism determined by Bank Indonesia; and

- b. document, data, information, details, and/or explanation according to Bank Indonesia's request.
- (3) In the implementation of the on-site supervision as referred to in paragraph (1) point b, Bank Indonesia shall conduct an on-site visit to the provider, either periodically or anytime if necessary.

Article 68

- (1) Bank Indonesia may conduct the supervision as referred to in Article 67 paragraph (2) point b and paragraph (3) in an integrated manner on the Provider and parent company, subsidiary, party cooperating with the Provider, and/or any other affiliated party.
- (2) The integrated supervision as referred to in paragraph (1) shall be conducted for risk exposure and fulfillment of institutional and legal aspect, business feasibility aspect, as well as governance, risk, and control aspect.

Article 69

The Provider and parties as referred to in Article 67 and Article 68 are required to provide:

- a. any required information and data;
- b. any chance to review all books and records, documents, physical facilities related to their business activities; and
- c. any other required matters.

Article 70

Bank Indonesia has the authority to conduct on-site visit and/or request reports, documents, data, information, details, and/or explanations to a closed-loop Electronic Money Issuer as referred to in Article 4 paragraph (2).

Article 71

The Provider is required to responsible for the validity, accuracy, completeness, and punctuality of submission of each report, document, data, and/or information submitted to Bank Indonesia.

Article 72

- (1) Bank Indonesia may assign any other party for and on its behalf to conduct the on-site visit as referred to in Article 67 paragraph (3).
- (2) Any other party conducting the on-site visit as referred to in paragraph (1) is required to keep the confidentiality of information and data obtained in the on-site visit.

Article 73

In the event that the supervision result by Bank Indonesia shows that the Provider fails to sufficiently conduct Electronic Money activities, Bank Indonesia may undertake the following actions:

- a. request the Provider:
 1. to conduct or not to conduct an action;
 2. to limit the implementation of Electronic Money; and/or
 3. to suspend entire or partial activities of the implementation of Electronic Money; and/or
- b. revoke any license or approval granted to the Provider.

CHAPTER VII

SANCTION

Article 74

Any Provider breaching the provisions as referred to in Article 9 paragraph (2), Article 10 paragraph (5), Article 16, Article 26 paragraph (1), Article 31 paragraph (1), Article 34, Article 37 paragraph (1), Article 38, Article 39 paragraph (2), Article 41 paragraph (1), Article 42, Article 43, Article 44, Article 48, Article 49, Article 50 paragraph (1), Article 50 paragraph (4), Article 51, Article 53, Article 54 paragraph (1), Article 56 paragraph (1), Article 59, Article 60, Article 61

paragraph (1), Article 61 paragraph (3), Article 62, Article 63, Article 64, Article 65 paragraph (1), Article 65 paragraph (2), Article 66 paragraph (1), Article 67 paragraph (2), Article 69, Article 71, Article 72 paragraph (2), Article 79, Article 82, Article 85, Article 86, Article 89, and Article 90 are subject to the following administrative sanctions:

- a. warning;
 - b. penalty;
 - c. suspension of the entire or partial Electronic Money activities and/or other payment system services; and/or
 - d. license revocation as a Provider and/or any other Payment System Service Provider.
- (1) Further provisions on the sanction imposition mechanism shall be regulated in a Regulation of Member of Board of Governors.

Article 75

To impose the administrative sanctions as referred to in Article 74, Bank Indonesia may consider:

- a. the level of errors and/or breaches; and
- b. any consequences on:
 - 1. smoothness and security of payment system aspect;
 - 2. consumer protection aspect;
 - 3. anti-money laundering and countering the financing of terrorism aspect; and/or
 - 4. any other aspects.

CHAPTER VIII

OTHER PROVISION

Article 76

Provision on controlling shareholders as referred to in Article 31 is also applied to the controlling shareholders of a Payment System Service Provider other than the Provider.

Article 77

- (1) Implementation of Electronic Money activity by sharia commercial bank, sharia business unit, or Non-Bank Institution that conducting business activity under sharia principles shall comply with this Bank Indonesia Regulation to the extent that they are not contrary to sharia principles.
- (2) For the Issuer in the form of sharia commercial bank, sharia business unit, or Non-Bank Institution implementing business activity based on sharia principles as referred to in paragraph (1), the placement of Floating Fund as referred to in Article 48 paragraph (2) point a point 2 shall be placed into the current account of a sharia business unit in a commercial bank classified as commercial banks classification based on business activities (BUKU) 4 or in a sharia commercial bank which has relation of ownership with a commercial bank classified as commercial banks classification based on business activities (BUKU) 4.

Article 78

The closed loop Electronic Money Issuer as referred to in Article 4 paragraph (2) must consider the provision on implementation of Electronic Money at least the implementation of risk management and consumer protection.

Article 79

Cooperation between the Provider and other party related to public services are prohibited to be conducted exclusively.

Article 80

Goods and/or Service Provider in Indonesia may only cooperate with the Provider whom obtained a license from Bank Indonesia.

Article 81

Besides the sanctions as referred to in Article 74, Bank Indonesia may suspend entire or partial activity of implementation Electronic Money and/or annul or revoke the license or approval granted to the Provider, if any of the following

applies:

- a. a written request or recommendation submitted by the law enforcement authority or supervisory authority to Bank Indonesia to suspend temporarily the Provider's activity;
- b. a final and binding court decision is issued against the Provider to terminate its activity, and/or
- c. a request from the Provider itself who has been obtained the license from Bank Indonesia to annul or revoke the license.

CHAPTER IX TRANSITIONAL PROVISION

Article 82

Any party which has conducted the activity as:

- a. an open loop Electronic Money Issuer with managed Floating Fund of less than Rp1,000,000,000.00 (one billion rupiah); or
- b. a closed loop Electronic Money Issuer with managed Floating Fund reaching Rp1,000,000,000.00 (one billion rupiah) or more,

prior to the enforcement of this Bank Indonesia Regulation, is required to apply for a license to Bank Indonesia not later than 6 (six) months since this Bank Indonesia Regulation comes into force.

Article 83

Any party which has obtained more than 1 (one) license at the time when this Bank Indonesia Regulation comes into force and having licenses in each different group of Payment System Service Provider as referred to in Article 5 paragraph (2), must make an adjustment based on the provision as referred to in Article 5, if such party submits an application for a new license as a Provider to Bank Indonesia.

Article 84

Any Bank or Non-Bank Institution which is in the process of licensing as the Provider at the time when this Bank Indonesia Regulation comes into force, must adjust the licensing requirements as specified herein.

Article 85

The Issuer in the form of Non-Bank Institution which has obtained a license prior to this Bank Indonesia Regulation comes into force, is required to meet the mandatory paid-up capital as referred to in Article 9 paragraph (1) not later than 6 (six) months after this Bank Indonesia Regulation comes into force.

Article 86

Any Provider which has obtained a license prior to this Bank Indonesia Regulation comes into force, is required to submit a written representation and warranties as referred to in Article 14 not later than 6 (six) months after this Bank Indonesia Regulation comes into force.

Article 87

License as a Provider granted prior to this Bank Indonesia Regulation comes into force, remain valid for the maximum 5 (five) years commencing from this Bank Indonesia Regulation comes into force.

Article 88

- (1) The fulfillment of the mandatory increase in paid-up capital as referred to in Article 50 paragraph (1) by the Issuer which has obtained a license prior to this Bank Indonesia Regulation comes into force, for the first time shall be calculated based on the average Floating Fund value since this Bank Indonesia Regulation comes into force until December 2018.
- (2) The increase in paid-up capital as referred to in paragraph (1) shall be fulfilled not later than the end of June 2019.

Article 89

Provision on the share ownership composition as referred to in Article 10 paragraph (1) is required to be fulfilled by the Issuer which has obtained a license prior to this Bank Indonesia Regulation comes into force, if, after this Bank Indonesia Regulation comes into force, the Issuer changes its ownership resulting in the change of foreign ownership.

Article 90

Provision on controlling shareholders as referred to in Article 31 is required to be fulfilled by the party which, prior to this Bank Indonesia Regulation comes into force, has become a controlling shareholder in:

- a. the Provider which has obtained a license from Bank Indonesia; or
 - b. the party which is in the licensing process and later obtain a license as the Provider from Bank Indonesia,
- if, after this Bank Indonesia Regulation comes into force, change the Provider's share ownership.

CHAPTER X
CLOSING PROVISION

Article 91

At the time when this Bank Indonesia Regulation comes into force:

- a. Bank Indonesia Regulation Number 11/12/PBI/2009 on Electronic Money (State Gazette of the Republic of Indonesia of 2009 Number 65, Supplement to State Gazette of the Republic of Indonesia Number 5001);
- b. Bank Indonesia Regulation Number 16/8/PBI/2014 on the Amendment to Bank Indonesia Regulation Number 11/12/PBI/2009 on Electronic Money (State Gazette of the Republic of Indonesia of 2014 Number 69, Supplement to State Gazette of the Republic of Indonesia Number 5524); and
- c. Bank Indonesia Regulation Number 18/17/PBI/2016 on the Second Amendment to Bank Indonesia Regulation Number 11/12/PBI/2009 on Electronic Money (State Gazette of the Republic of Indonesia of 2016 Number 179, Supplement to State Gazette of the Republic of Indonesia Number 5925),

are repealed and declared ineffective.

Article 92

This Bank Indonesia Regulation comes into force on the date of its promulgation

In order that every person may know hereof, it is ordered to promulgated this Bank Indonesia Regulation by its placement in State Gazette of the Republic of Indonesia.

Issued in Jakarta

on 3 May 2018

GOVERNOR OF BANK
INDONESIA,

SIGNED

AGUS D.W. MARTOWARDOJO

Promulgated in Jakarta

On 4 May 2018

MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA,

SIGNED

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2018 NUMBER 70

ELUCIDATION
OF
BANK INDONESIA REGULATION
NUMBER 20/6/PBI/2018
ON
ELECTRONIC MONEY

I. GENERAL

Since the first time it was regulated specifically by Bank Indonesia in 2009 the implementation and the usage of Electronic Money in Indonesia has been developing significantly. The Electronic Money becomes one of non-cash instruments which steadily increases both in terms of volume as well as nominal of transactions in every year. The use for small value, quick, and massive payment transactions is the characteristics of Electronic Money, making it a preferred non-cash payment instrument of the public.

Besides being used for payment transactions according to its characteristics, such as payment transaction in transportation and purchase transactions, the use of Electronic Money is also being expanded to support the financial inclusion through LKD, fund distribution for the government's program, and e-commerce payment transaction that recently has been more developed. The development of Electronic Money usage that has become varied, must be accompanied and supported by the policy and regulation of Bank Indonesia as well as Electronic Money infrastructure provided by the industry.

The development of implementation of Electronic Money needs to be supported by strengthening the regulation on implementation of Electronic Money, such as strengthening the institutional aspect of the Provider through mandatory minimum capital requirements of the Issuer and more comprehensive business plan, and obligation to provide infrastructure that is currently still centered on big cities in Indonesia to support the achievement of equal distribution infrastructure to increase the use of Electronic Money.

Through the strengthening of institutional aspect of the Provider, it may be possible to select credible Provider thus the Electronic Money industry will increasingly developed well and robust as well as creating the fair business competition.

In its development, Bank Indonesia also considers the development of implementation of Electronic Money in a limited usage (closed loop) when the nominal and volume of Electronic Money transactions become higher with increasing number of the User. Despite its limited use, implementation of Electronic Money still carries risks for both Provider and User, among others pertaining to the Floating Fund management by the Issuer and information system security of the implemented Electronic Money. Considering the foregoing, Bank Indonesia deems it is necessary to regulate implementation of closed loop Electronic Money in order to ensure the implementation of risk management, prudential principle, and consumer protection in the implementation of closed loop Electronic Money.

Information technology development also becomes one of the considerations in strengthening the regulation by providing a room for innovation and utilization of information technology in implementation of Electronic Money. It is accommodated, among others, through regulation on transaction security features that is adjusted with the highest Value of Electronic Money.

Implementation of Electronic Money is also necessary to be aligned with Bank Indonesia provisions, such as Bank Indonesia provision on implementation of payment transaction processing and Bank Indonesia provision on national payment gateway, as well as other laws and regulations. It aims to ensure there is no overlap in regulation related to licensing, obligations to meet, and report submission by the Provider.

In connection therewith, it is necessary to re-regulate Electronic Money into a Bank Indonesia Regulation.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Sufficiently clear.

Article 3

Paragraph (1)

Point a

Sufficiently clear.

Point b

Included as open loop Electronic Money is Electronic Money used in a Goods and/or Service Provider which is a different entity from the Issuer but has ownership relationship and/or business management relationship with the Issuer, like group holding, franchise, and online retail network.

Paragraph (2)

Sufficiently clear.

Article 4

Paragraph (1)

Sufficiently clear.

Paragraph (2)

In the event that the party implements more than 1 (one) type or product of closed loop Electronic Money, the Floating Fund amount shall be calculated from the entire closed loop Electronic Money implemented by the party.

Example 1:

PT A implements 2 (two) products of closed loop Electronic Money as follows:

- a. Closed loop Electronic Money X which is only used in location B; and
- b. Closed loop Electronic Money Y which is only used in location C.

Therefore, the Floating Fund amount is calculated from the implementation of closed loop Electronic Money X and closed loop Electronic Money Y.

Example 2:

PT W implements 2 (two) products of closed loop Electronic Money as follows:

- a. Closed loop Electronic Money A which uses a chip-based storage medium; and
- b. Closed loop Electronic Money B which uses a server-based storage medium,

Therefore, the Floating Fund amount is calculated from the implementation of closed loop Electronic Money A and closed loop Electronic Money B.

Paragraph (3)

Sufficiently clear.

Article 5

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Licenses are categorized by considering business characteristics of Payment System Service Provider. It aims to ensure a party with more than 1 (one) license focus on the type of payment system service activity with the same business characteristics in order to minimize potential conflicts of interest.

Point a

A front end provider is a Payment System Service Provider which provides payment system service for user and/or goods and/or service providers (customer facing).

Point b

A back end provider is a Payment System Service Provider which provides payment transaction processing

facilities for another Payment System Service Provider (non-customer facing).

Paragraph (3)

Example:

Any party which has obtained a license as an Issuer may obtain a license as an Acquirer because both licenses are classified within the same group (front end operator group). On the contrary, any party which has obtained a license as an Issuer shall not obtain a license as a Principal because both licenses are classified in different groups.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

The term “paid up capital” means paid up capital as specified in the laws and regulations on limited liability companies.

Article 9

Paragraph (1)

The term “paid up capital” means paid up capital as specified in the laws and regulations on limited liability companies.

Paragraph (2)

Sufficiently clear.

Article 10

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The term “foreign ownership” means share ownership by a foreign citizen or foreign legal entity.

Bank Indonesia’s assessment on indirect share ownership may be conducted up to the ultimate shareholder/beneficial owner, by considering, among others, the benefits for the economy of Indonesia, operational plan of the implementation, and the financial condition of the party who submitting an application for a license as an Issuer.

Paragraph (3)

Certain considerations among others track record of a Non-Bank

Institution and/or shareholder, technology used in implementation of Electronic Money, and scope of Electronic Money usage.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Legality and profile of a company are proven, among others, by company profile document, articles of association and its amendments, held business activity license, company registration certificate, and license or approval from the relevant authority, if applicable, including information on the profile of each member of board of directors and board of commissioners, consist of name, address, resume, work experience, and qualification accompanied by its evidence.

Point b

Legal requirement readiness for implementation of Electronic Money is proven, among others, by draft written agreement or signed written agreement between a party who submitting an application as a Provider and another party.

Paragraph (3)

Point a

Business feasibility analysis comprises, among others business analysis result that at least containing information on business model and plan, targeted market, types and services of Electronic Money to be implemented, and structure of price and fees to be applied, as well as future business development plan.

Point b

Readiness of operation, system, and information technology

to be used comprises, among others business equipment and facility plan and the location or space to be used for operational activity, technical equipment for hardware and software system and the network to be used, and user acceptance test on the Electronic Money to be implemented.

Point c

Financial performance is proven among others by annual financial report or balance sheet.

Point d

Readiness of organizational structure and human resources comprises, among others organizational structure and human resource readiness plan.

Paragraph (4)

Point a

Point 1

The concept of implementation of risk management comprises, among others, readiness of implementation of risk management, such as operational risk, legal risk, settlement risk, liquidity risk, market conduct risk, and reputation risk.

Point 2

Sufficiently clear.

Point 3

Sufficiently clear.

Point 4

Sufficiently clear.

Point b

Point 1

The concept of implementation of risk management comprises, among others, readiness of implementation of risk management, such as operational risk, legal risk, settlement risk, liquidity risk, market conduct risk, and reputation risk.

Point 2

Sufficiently clear.

Article 14

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Point 1

Included as affiliated party, among others any other party that has financial relationship or ownership relationship with the Provider.

Point 2

Sufficiently clear.

Point 3

Sufficiently clear.

Point 4

Sufficiently clear.

Point 5

Sufficiently clear.

Paragraph (3)

The term “independent and professional legal consultant” means any party that specifically provide legal consultancy services and is a separated entity from the Provider.

Article 15

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Paragraph (1)

Included as the development of Electronic Money products and activities, among others:

- a. the development of types of Electronic Money products;
- b. the development of mechanism to authenticate Electronic Money and to authorize Electronic Money transactions;
- c. the additional features of Electronic Money;
- d. the development of infrastructures, and security standards;
- e. the accommodation of Top Up service for User through Goods

and/or Service Provider; and/or

- f. the development of other features, types, services, and/or facilities of Electronic Money products related to service and technology innovations that significantly affecting risk exposure.

Paragraph

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Cooperation with any other party among others is cooperation with a party issuing Electronic Money outside the territory of the Republic of Indonesia.

Paragraph (3)

The term “license” means:

- a a license from Bank Indonesia for the Provider and/or the Payment System Service Provider conducting activities and having a legal domicile in Indonesia; or
- b a license from the local authority for the foreign provider and/or the payment system service provider.

Article 18

Paragraph (1)

Point a

Operational readiness aspect is proven, among others, by:

1. recommendation or approval from the relevant authority for development plan of Electronic Money products and/or activities to be conducted; and
2. general information on development of Electronic Money products and/or activities containing, among others, explanation of the development to be implemented, market potential, cooperation plan, implementation area plan, service fees structure, and revenue target.

Recommendation or approval from the relevant authority will be granted if there is a competent authority to supervise and give recommendations or approvals.

Point b

System security and reliability aspect is proven, among others, by information system audit report from an internal

or external independent auditor, security control procedure, and assessment result of the development of Electronic Money products and/or activities to be conducted.

Point c

Implementation of risk management aspect is proven, among others, by assessment result of the risk management that has been implemented as well as policy adjustment and risk management procedure plan of the development of Electronic Money products and/or activities to be conducted.

Point d

Sufficiently clear.

Paragraph (2)

The Provider's performance is proven, among others, by:

- a. compliance with the laws and regulations and/or Bank Indonesia policy on payment system or related to payment system. Particularly for a Bank, among others, it is also related to the participation in Bank Indonesia-Real Time Gross Settlement, Bank Indonesia National Clearing System, and/or Bank Indonesia-Scripless Security Settlement System;
- b. implementation of risk management, among others are operational risk and settlement risk;
- c. implementation of consumer protection, among others are handling and settlement of User's complaints;
- d. financial performance; and/or
- e. good governance in implementation of Electronic Money activities.

Article 19

Paragraph (1)

Point a

Legality and profile aspect of a party whom the Provider shall cooperate with are proven, among others, by company profile document, articles of association and all its amendments, held business activity license, company registration certificate, and license or approval from the relevant authority, if applicable.

Point b

Competence aspect of a party to whom the Provider shall cooperate is proven, among others, by adequacy of human resources, track record of the management, and experience in implementing Electronic Money activity, payment system service activity, and/or supporting service activity.

Point c

Performance aspect includes financial and operational performance, which is proven, among others, by the financial statement of the party to cooperate, track record of the Provider, Payment System Service Provider, and/or Supporting Service Provider, and/or user acceptance test.

Point d

Security and reliability aspect of system and infrastructures are proven, among others, by fulfillment of standards in system and infrastructure security according to the national, international standards, or those generally applicable in the industry as well as data security and confidentiality.

Point e

Legal aspect is proven, among others, by clear scope of cooperation as well as the rights and obligations of each party, implementation plan, and cooperation period.

Paragraph (2)

The Provider's performance is proven, among others, by:

- a. compliance with the laws and regulations and/or Bank Indonesia policy on payment system or related to payment system. For Bank, among others, it also related to membership in Bank Indonesia-Real Time Gross Settlement, Bank Indonesia National Clearing System, and/or Bank Indonesia-Scripless Security Settlement System;
- b. implementation of risk management, among others

- operational risk and settlement risk;
- c. implementation of consumer protection, among others handling and dispute settlement of User's complaints;
- d. financial performance; and/or
- e. good governance in implementation of Electronic Money activities.

Article 20

Sufficiently clear.

Article 21

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Supporting documents includes documents on fulfillment of feasibility aspect as a Provider.

Paragraph (3)

Representations and warranties is accompanied by a statement from an independent and professional legal consultant based on legal due diligence.

Article 22

Sufficiently clear.

Article 23

Paragraph (1)

The determination of license validity is made because the dynamics of Electronic Money will remain high in the future and Electronic Money ecosystem will develop in line with digital economy development. Besides of that, determination of license validity is also being made to ensure compliance and to evaluate the performance of Provider as well as adherence to the principles of implementation of Electronic Money.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Paragraph (6)
Sufficiently clear.

Article 24

Paragraph (1)

The term “national policy” means a program determined by Bank Indonesia, central government, and/or regional government by considering the alignment to the policy direction of Bank Indonesia, for example, distribution of government’s social aid and subsidy, non-cash service, and financial inclusion.

Paragraph (2)
Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Paragraph (1)

Fit and proper test means a process to evaluate the fulfillment of fit and proper requirements as part of granting a license to a Non-Bank Institution who submitting a license application as a Provider.

Paragraph (2)

In the event that a controlling shareholder is a legal entity, controlling shareholders may be determined up to the legal person’s ultimate shareholder.

Point a
Sufficiently clear.

Point b

Control is proven, among others, by having the authority and capacity to:

1. approve, appoint, and/or dismiss members of board of commissioners and/or board of directors;
2. determine strategic policies of a Provider; and/or
3. have option right or other rights to own shares, which when exercised, will caused the party to own and/or control a Provider’s shares.

Article 28

Paragraph (1)

Point a

Requirements for integrity includes:

1. have legal capacity to take legal actions;
2. have good behaviour, at least shown by complying to the regulations, including never serving any punishments for committing a crime;
3. have the commitment to comply with the laws and regulations and support the policy of Bank Indonesia; and
4. have the commitment to the development of sound Provider.

Point b

Requirements for financial reputation are proven at least by the following:

1. do not have any bad debts and/or finance; and
2. have never been declared bankrupt or have never become a shareholder, member of board of directors, or member of board of commissioners, who found guilty of making a company declared insolvent within the last 5 (five) years.

Point c

Requirements for financial feasibility are proven at least by the following:

1. having a good financial reputation;
2. having a financial capability which may support business development of a Provider; and
3. having the commitment to make required efforts if an Provider faces financial difficulties.

Paragraph (2)

Point a

Requirements for integrity includes:

1. have legal capacity to take legal actions;
2. have good behavior, at least shown by complying to the regulations, including never serving any punishments for committing a crime;
3. have the commitment to comply with the laws and regulations and support the policy of Bank Indonesia; and
4. have the commitment to the development of sound Provider.

Point b

Requirements for financial reputation are proven at least by the following:

1. do not have any bad debts and/or finance; and
2. have never been declared bankrupt or have never become a shareholder, member of board of directors, or

member of board of commissioners, who convicted guilty of making a company declared insolvent within the last 5 (five) years.

Point c

Requirement for competence shall at least includes knowledge and/or experience that support the implementation of Electronic Money

Paragraph (3)

Administrative review is a step to assess the fulfillment of integrity requirement, financial reputation, competency, and financial feasibility based on analysis of presentation or explanation, document, as well as clarification result to the controlling shareholders, members of board of directors, or members of board of commissioners of a prospective Provider.

Article 29

Point a

Included as the change in controlling shareholders, members of board of directors, and/or members of board of commissioners among others, addition and/or replacement of controlling shareholders, members of board of directors, or members of board of commissioners of a Provider.

Fit and proper test is conducted by Bank Indonesia on prospective controlling shareholders, members of board of directors, or members of board of commissioners of a Provider.

Point b

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Paragraph (1)

Point a

Example:

Any party shall not become a controlling shareholder in 2 (two) entities, which respectively has a license as an Electronic Money Issuer.

Any party may become a controlling shareholder in 1 (one) entity which has obtained a license as an Electronic Money Issuer and 1 (one) other entity which has obtained a license as an Electronic Money Acquirer.

Any party may become a controlling shareholder in 1 (one) entity which has obtained a license as an Electronic Money Issuer and 1 (one) other entity which has obtained a license as a credit card issuer.

Point b

Example:

Any party shall not become a controlling shareholder in 1 (one) entity which has obtained a license as an Issuer and 1 (one) other entity which has obtained a license as a Principal.

Paragraph (2)

Non-Bank legal entity excludes non-Bank legal entity owned by the government.

Paragraph (3)

The term “activities with different principles” means implementation of activities in a conventional manner and implementation of activities in based on to sharia principles.

Article 32

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Included in the supervision result of Bank Indonesia is supervision of performance and development of implementation of Electronic Money at least in the following forms:

1. optimization and development of Electronic Money activities; and
2. adequacy of implementation of consumer protection.

Point b

Included in the corporate actions are merger, consolidation, spin off, and/or acquisition.

Point c

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 33

Paragraph (1)

Included as the policy on licensing, approval, and/or implementation of Electronic Money comprises, among others, limitation of license and issuance of license or approval for Electronic Money activities by fulfilling certain implementation conditions, as well as adjustment of the implementation of Electronic Money activities, including Floating Fund management. Issuance of license or approval for Electronic Money activities by fulfilling the certain implementation conditions among others Bank Indonesia issue the license by requiring a Provider to expand access and/or infrastructures of Electronic Money to certain areas, regions, and/or sectors prioritized for Electronic Money development.

Paragraph (2)

Point a

Consideration to maintain national efficiency is aimed to create efficiency at the level of Electronic Money industry, which in turn will reduce the cost of Electronic Money usage by the public.

Point b

Consideration to support national policy is aimed to make Electronic Money industry growth not become a hindrance for the national policy that determined by the government, Bank Indonesia, and/or the relevant authority.

Point c

Consideration to maintain public interest is aimed to make Electronic Money industry consistently meet the needs of the wider public with equal access and quality as well as affordable cost.

Point d

Consideration to maintain industrial growth is aimed to allow the industry to grow optimally through increase in value and volume of non-cash transactions among the public.

Point e

Consideration to maintain fair business competition is aimed to allow the implementation of Electronic Money may be conducted in a fair manner, not against the law, or not hindering business competition.

Article 34

Sufficiently clear.

Article 35

Paragraph (1)

Implementation of risk management is conducted by considering the characteristic and complexity of the risk profile of the implementation of Electronic Money.

Point a

Management's active supervision comprises, among others, determination of accountability, policy, and control process to manage potential risks that may arise from the implementation of Electronic Money.

Point b

Adequacy of policies and procedures as well as organizational structure, among others, availability of clear organizational structure and separation of duties or authority.

Point c

Sufficiently clear.

Point d

Internal control of the implementation of Electronic Money, among others includes security procedures and measures conducted in services for User, audit trail of processed payment transactions, and adequate procedure to ensure the integrity of data and information, as well as measures to protect confidentiality of User's data and information.

The implementation of risk management is conducted among others for financial risk.

The implementation of risk management for financial risk for the Issuer, among others:

- a. limitation on Value of Electronic Money; and
- b. Floating Fund management.

Paragraph (2)

Sufficiently clear.

Article 36

Paragraph (1)

Point a

Fulfillment of certification and/or standard in system security and reliability shall meet the following principles:

- 1. data confidentiality;
- 2. system and data integrity;
- 3. system and data authentication;
- 4. non-repudiation of transaction; and
- 5. system availability.

Point b

Maintenance and improvement of technology security is conducted among others by the improvement or replacement of technology infrastructures or system that being used in the event that the quality deterioration occurred, such as the system and/or technology is proven to be penetrated by fraudsters or vulnerable to cyber-attack.

Point c

Sufficiently clear.

Point d

Independent security auditor may be internal or external security auditor.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 37

Sufficiently clear.

Article 38

Sufficiently clear.

Article 39

Paragraph (1)

Payment channel is a facility provided by Supporting Provider and/or Payment System Service Provider in Indonesia which may be used by User to access Electronic Money in the process of payment transaction authorization, among others through the use of new technology, such as quick response (QR) code.

Paragraph (2)

The Bank classified as commercial banks classification based on business activities (BUKU) 4, which makes a cooperation is a Bank which has obtained a license as an Acquirer in payment system service activity or a Bank which has obtained the approval to cooperate with other Payment System Service Provider in the activity of merchant acquiring services.

Article 40

Sufficiently clear.

Article 41

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

Sufficiently clear.

Point b

The pricing which is regulated among others merchant discount rate (MDR) and terminal usage fee (TUF).

Point c

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 42

Sufficiently clear.

Article 43

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Included as incoming transactions among others, initial placement, incoming transfer, and/or Top Up.

Paragraph (4)

The term “account which records the Value of Electronic Money” means account which is used only by the Goods and/or Service Provider to receive payment of goods and/or service transactions provided by the Goods and/or Service Provider and may not be used for outgoing transactions.

Included as outgoing transactions among others, payment of purchase transactions, payment of bills, fund transfers, and/or cash withdrawals.

Article 46

Paragraph (1)

Point a

Sufficiently clear.

Point b

Payment of purchase transactions is a feature in Electronic Money which may be used by User to make payment for goods and/or services purchases transaction from a Goods and/or Service Provider.

Point c

Payment of bills is a feature in Electronic Money which may be used by User to pay routine or periodic bills, such as bills of electricity, water, telephone, and/or any other bills.

Paragraph (2)

Point a

Fund transfer feature in Electronic Money is limited to outgoing fund transfer, among others:

1. transfer from one User’s Electronic Money to another User’s Electronic Money (person to person); and
2. transfer from a User’s Electronic Money to an account (person to account).

The term “cash withdrawal” means withdrawal of cash of Value of Electronic Money which may be conducted anytime by the User for some or all Value of Electronic Money.

Point b

Sufficiently clear.

Article 47

License application as a fund transfer provider may be submitted simultaneously with license application as a Provider.

Article 48

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Point a

The placed Floating Fund is Floating Fund used to fulfill the short term liabilities to the User and Goods and/or Service Provider.

Point 1

Placement in cash is cash on hand of the Issuer.

Point 2

Sufficiently clear.

Point b

Financial security or instrument issued by the government or Bank Indonesia among others are sovereign securities/Surat Berharga Negara (SBN) in benchmark series or monetary instrument of Bank Indonesia, which are issued in the country in denomination of rupiah.

Paragraph (3)

Example 1:

The average monthly liquidity requirement of Issuer A in the form of Non-Bank Institution to fulfill the liabilities to the User and Goods and/or Service Provider for the last 12 (twelve) months is 25% (twenty-five percent) of the Floating Fund value. Therefore, Issuer A is required to place at least 30% (thirty percent) of the Floating Fund into the current account with a Bank classified as commercial banks classification based on business activities (BUKU) 4.

Example 2:

The average monthly liquidity requirement of Issuer B in the form

of Non-Bank Institution to fulfill the liabilities to the User and Goods and/or Service Provider for the last 12 (twelve) months is 45% (forty-five percent) of the Floating Fund value. Therefore, the Issuer B is required to adjust the percentage of Floating Fund placement into the current account with a Bank classified as commercial banks classification based on business activities (BUKU) 4 to at least 45% (forty-five percent) of the Floating Fund value.

Article 49

Paragraph (1)

An example of the usage of the Floating Fund that prohibited for other purposes is the using of Floating Fund as a guarantee to a third party or for the Issuer's operational needs.

Paragraph (2)

Point a

Sufficiently clear.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Point e

The floating Fund that placed into a separated account from the Issuer's operational account is a Floating Fund used to fulfill the short-term liabilities to the User and Goods and/or Service Provider.

Article 50

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

The term “start operating” means the first operation after obtaining a license from Bank Indonesia.

Paragraph (4)

Sufficiently clear.

Article 51

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The usage of rupiah in Electronic Money transactions conducted in the territory of Republic of Indonesia may be shown among others with evidence of transaction in rupiah, such as stated in a sales draft or any other transaction evidence.

Article 52

Paragraph (1)

Point a

The purchase or replacement cost of Electronic Money medium is the purchase or replacement of chip based Electronic Money.

Point b

The fee that may be applied includes Top Up fee that conducted through the same payment channel of the Issuer (on us) or that conducted through another party cooperating with the Issuer and/or using another party's payment channel (off us).

Point c

Sufficiently clear.

Point d

Sufficiently clear.

Paragraph (2)

An example of policy on fees is determination of the type and amount which may be charged by the Issuer.

Article 53

Sufficiently clear.

Article 54

Paragraph (1)

Point a

The term “administer all documents related to Goods and/or Service Provider” among others selecting and recording the identities of Goods and/or Service Provider.

Point b

Sufficiently clear.

Point c

The term “harmful actions” means an action of a Goods and/or Service Provider detrimental to a Principal, Issuer, Acquirer, and/or User; among others, it is found that a Goods and/or Service Provider has cooperated with a fraudster, impose a surcharge on payment of purchase transaction to User, and/or misuse of a User’s data and/or information.

Paragraph (2)

Exchange of information between the Issuer and/or Acquirer on a Goods and/or Service Provider may be followed up by proposing the name of a Goods and/or Service Provider to be included in a merchant black list.

Black list of Goods and/or Service Provider may be managed among others by the Issuer and/or Acquirer or association of Issuer and/or Acquirer.

Article 55

Sufficiently clear.

Article 56

Sufficiently clear.

Article 57

Sufficiently clear.

Article 58

Sufficiently clear.

Article 59

Sufficiently clear.

Article 60

An example of certain condition is the Provider faces financial problem among others based on Bank Indonesia's supervision result, indicates that the Provider needs capital strengthening.

Article 61

Paragraph (1)

Prohibition for the Issuer to issue Electronic Money with Value of Electronic Money higher than the value of money placed by the User aims to prevent Electronic Money issuance at a reduced price of Electronic Money which may potentially result in uncontrolled creation of money.

As an example of Electronic Money price reduction:

An Electronic Money with Value of Electronic Money of Rp100,000 (one hundred thousand rupiah) is sold by the Issuer through money/fund placement from the User into the Issuer of Rp90,000 (ninety thousand rupiah).

In addition, prohibition of Electronic Money issuance with value lower than the money placed by the User aims to protect the User's interest.

Example:

Value of Electronic Money of Rp100,000 (one hundred

thousand rupiah) is sold by the Issuer through money/fund placement from the User into the Issuer of Rp110,000 (one hundred ten thousand rupiah).

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Point a

Point 1

Prohibition for the Issuer to determine the minimum Value of Electronic Money as a requirement for using Electronic Money, such as in order to be able to use Electronic Money, the Issuer requires the User to place some money for the first time or Top Up in a certain amount, and if the Value of Electronic Money does not reach a certain amount determined by the Issuer, the User may not be able to use Electronic Money.

Point 2

Prohibition for the Issuer to determine the minimum Value of Electronic Money as requirements for redemption, such as the Issuer requires the User to leave certain balance of Value of Electronic Money, if the User shall terminate the Electronic Money usage.

Point b

Retaining or blocking the Value of Electronic Money, such as Electronic Money can no longer be used when the balance has reached a certain amount determined by the Issuer as the minimum limit of Electronic Money usage.

Point c

Sufficiently clear.

Point d

The provision applies in the condition when an Electronic Money medium has an expiry date. Considering in the replacement process of the medium that may still have a stored Value of Electronic Money of the User, the new medium may not omit or delete the remaining Value of Electronic Money and it is the Issuer's obligation or remains owned by the User.

Article 62

The term "virtual currency" means digital money issued by a party other than the monetary authority obtained through mining, purchase, or reward, such as Bitcoin, BlackCoin, Dash, Dogecoin, Litecoin, Namecoin, NXT, Peercoin, Primecoin, Ripple, and Ven.

Article 63

Sufficiently clear.

Article 64

Sufficiently clear.

Article 65

Paragraph (1)

The term "acquisition" means a legal act taken by a legal entity or individual to acquire the shares of a Bank or Non-Bank Institution resulting transfer of control on the Bank or Non-Bank Institution.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 66

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Point a

The coverage of daily reports among others transaction volume, transaction nominal, and daily position of Floating Fund amount.

Point b

Sufficiently clear.

Point c

Sufficiently clear.

Point d

Included as annual report among others self-assessment report on information system used by the Provider.

Point e

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 67

Sufficiently clear.

Article 68

Integrated supervision aims to:

- a identify and mitigate exposure of risks arising directly and indirectly from activities of the parent company, subsidiary, any party cooperating with the Provider, and/or any other affiliated party

- for the continuity of implementation of Electronic Money; and
- b. ensure the fulfillment of institution and legal aspect, business feasibility aspect, and governance, risk, and control aspect by the Provider.

Integrated supervision between the Provider and party cooperating with the Provider and/or any other affiliated party is prioritized for party who conduct activities related to payment system.

Includes as other affiliated party among others any party having financial relationship with the Provider.

Article 69

Sufficiently clear.

Article 70

Sufficiently clear.

Article 71

Sufficiently clear.

Article 72

Sufficiently clear.

Article 73

Sufficiently clear.

Article 74

Sufficiently clear.

Article 75

Sufficiently clear.

Article 76

Sufficiently clear.

Article 77

Paragraph (1)

Sharia principle is applied among others on Floating Fund management by the Issuer.

Paragraph (2)

The term “relation of ownership” means when a Bank classified as commercial banks classification based on business activities (BUKU) 4 is a controlling shareholder of the sharia commercial bank.

Article 78

Sufficiently clear.

Article 79

The term “public service” means service for the public, such as transportation, electricity, health, and education.

A cooperation considered exclusive if the cooperation fulfill the elements among others only conducted between a public service provider and 1 (one) or several Providers, therefore hindering the entry of other Provider, and activity of public service payment by the public will depends on a certain Electronic Money product.

Article 80

Cooperation with the Provider is cooperation to process Electronic Money transactions and settle the payment to a Goods and/or Service Provider.

Article 81

Sufficiently clear.

Article 82

Sufficiently clear.

Article 83

Adjustment is made among others by applying for revocation of one of the obtained licenses to ensure that the maintained license and new license are within the same group.

Article 84

Sufficiently clear.

Article 85

Sufficiently clear.

Article 86

Sufficiently clear.

Article 87

Sufficiently clear.

Article 88

Sufficiently clear.

Article 89

Sufficiently clear.

Article 90

The term “change of the Provider’s share ownership” means the change of share ownership conducted by controlling shareholders.

Article 91

Sufficiently clear.

Article 92

Sufficiently clear.